Leg. II (C.P.L.) No. 24

# COMMITTEE
# ON
# PAPERS LAID ON THE TABLE
# (1978-79)

(SIXTH LOK SABHA)

## TWELFTH REPORT

*(Presented on* [illegible]

LOK SABHA SECRETARIAT
NEW DELHI

*April, 1979/Chaitra, 1901 (Saka)*

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## COMPOSITION OF THE COMMITTEE ON PAPERS LAID ON THE TABLE

(1978-79)

Shri Kanwar Lal Gupta—*Chairman.*

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## INTRODUCTION

I, the Chairman of the Committee on Papers laid on the Table of the House, having been authorised by the Committee to present the Report on their behalf, present this their Twelfth Report.

2. On examination of certain papers laid during the Second. Third, Fifth and Sixth Sessions (Sixth Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying of certified annual accounts and audit reports thereon and annual administration reports of Delhi Transport Corporation.

3. On 22nd September, 1978, the Committee took evidence of the representatives of the Ministry of Shipping and Transport on the Subject.

4. The Committee wish to express their thanks to the Ministry of Shipping and Transport for furnishing information desired by the Committee.

5. The Committee considered the Report at their sittings held on April 2 and 6, 1979 and adopted the same at their sitting held on April 6, 1979.

6. A statement giving summary of recommendations/observations of the Committee is appended to the Report (Appendix-IV).

KANWAR LAL GUPTA,
*Chairman,*
*Committee on Papers laid on the Table.*

NEW DELHI;
*April* 7, 1979.
*Chaitra* 17, 1901 (*Saka*).

# REPORT

## DELAY IN LAYING CERTIFIED ACCOUNTS AND AUDIT REPORTS THEREON AND ANNUAL ADMINISTRATION REPORTS OF THE DELHI TRANSPORT CORPORATION

The certified accounts of the Delhi Transport Corporation for the year 1972-73 and Audit Report thereon were laid on the Table of Lok Sabha alongwith a statement showing reasons for delay in laying those accounts, on June 26, 1977 under section 33(4) of the Road Transport Corporations Act, 1950 which reads as under :

> "The Accounts of the Corporation as certified by the Comptroller and Auditor General of India or any person appointed by him in this behalf together with the Audit Report thereon shall be forwarded annually to the State Government and that Government shall cause the same to be laid before each House of Parliament."

1.2. In the statement laid alongwith the above Accounts, the reasons for delay in laying those accounts and audit report have been explained as under :

> "The Audit Report of the Delhi Transport Corporation for 1971-72 could not be laid before Houses of Parliament till 1976 since the accounts of the Delhi Transport Undertaking for the period from 1st April 1971 to 2nd November 1971 were to be audited by the Chief Auditor, Municipal Corporation of Delhi and those for the period from 3rd November 1971 to 31st March 1972 in respect of DTC (successor body to D.T.U.) were to be audited by the Comptroller and Auditor General of India. Delay in the finalisation of the accounts for the year 1971-72 had affected the preparation and finalisation of the Annual Accounts for the year 1972-73. Copies of the Audit Report for the year 1972-73 (in English and Hindi) were forwarded by the DTC with their letter dated 8th June 1977 and were received in this Ministry on 9th June 1977."

1.3. On July 4, 1977, the Ministry of Shipping and Transport were asked to furnish information in respect of (i) action taken by them on the recommendation of the Committee on Papers laid on the Table, contained in para 3.5 of their First Report (Fifth Lok Sabha), (ii) the reasons, in detail, for the delay in laying the Audit Report for 1972-73, and

(iii) the position of the Accounts and Audit Reports for the years 1973-74, 1974-75 and 1975-76 which had not been laid on the Table of the House by then.

1.4. In their reply dated 22 August, 1977, the Ministry of Shipping and Transport (Transport Wing) stated :

"....The recommendations contained in para 3.5 of the first Report of the Committee on Papers laid on the Table have been brought to the notice of the Delhi Transport Corporation, which has asked its Chief Accounts Officer, to ensure strict compliance with the instructions/advice contained therein.

The Delhi Transport Corporation came into existence with effect from 3rd November 1971. The Annual Accounts of this undertaking for the financial year 1971-72 had to be prepared in two parts—the first for the period relating to 1st April 1971 to 2nd November 1971 when the Delhi Transport Undertaking was under the control of the Delhi Municipal Corporation and the second in respect of the period from 3rd November 1971 to 31st March 1972 when it operated under the name of DTC. The work relating to the preparation of the financial accounts for the latter period could not be taken up, unless the accounts for the earlier period, when the Undertaking was under the Delhi Municipal Corporation, were completed and had been audited by the Municipal Chief Auditor. Preparation of the accounts for the period ending 2nd November 1971 was by no means easy as many financial transactions had to be apportioned to be accounted for in the final accounts of DTC, and DTU separately. The accounts for the period ending 2nd November 1971 were submitted to the Deputy Chief Auditor, Municipal Corporation of Delhi for scrutiny initially on 23rd January 1973.

After taking note of the observations and adjustments pointed out by him a revised balance sheet was supplied on 31st July 1973.

Although authentic figures, as finally accepted by the Municipal Audit, were available only on 31st July 1973, the Balance-sheet and Operational Net Revenue Account were prepared in respect of DTC within the next three months.

During the period when the Delhi Transport Undertaking was under the control of the M.C.D. the final accounts used to be submitted to the Municipal Chief Auditor, staff, who after carrying out scrutiny in Audit, used to place them before the

Delhi Transport Committee and the Municipal Corporation of Delhi for approval. In accordance with this practice, the accounts for the period ending 31st March 1972 were first given to the Resident Audit Officer on 16th November 1973 so that the same could be placed before the DTC Board after audit had scrutinised them and given their report thereon. It was, however, pointed out by the Member, Audit Board that the accounts should be adopted by the DTC Board before they are formally transmitted to the audit. Accordingly, the accounts were placed before the DTC Board on 6th July 1974 when the same were adopted. Intimation regarding adoption of the accounts by the Board was sent to Resident Audit Officer Government Audit Party on 29th July 1974 alongwith additional sets of Balance Sheet and Profit & Loss Accounts as desired by Audit.

It will be seen from the fore-going that, since the accounts for the period ending 31st March 1972 were the first Balance sheet and Operational and Profit and Loss accounts in respect of the present Delhi Transport Corporation, there was an unavoidable delay in taking up and completing work of preparation of these accounts. The delay was especially due to the fact that the opening balances and value of assets and liabilities had to be arrived at from a date in the middle of the financial year.

The position in regard to audit reports of the Corporation for the years from 1973-74 to 1975-76 is given below:—

"1973-74 : Copies of the audit report have been received in this Ministry recently and arrangements will be made to lay them before the two Houses of Parliament in the next session.

1974-75: Annual Accounts of the Corporation for this year were adopted by the DTC Board on the 20th April, 1977. They have been sent to the Director of Commercial Audit for audit.

1975-76 : The Annual Accounts of the Corporation for this year were adopted by the DTC Board on the 6th June, 1977. These have been transmitted to the Government Audit for their comments.

The Corporation has, however, been advised again to follow the instructions and adhere to the time limit for preparation and submission of accounts."

1.5. The certified accounts of the Delhi Transport Corporation for the year 1973-74 and audit report thereon were laid alongwith a statement showing reasons for delay in laying those accounts and audit report, on the Table of Lok Sabha on 16 November, 1977.

1.6. The statement which was laid alongwith the accounts and audit report for 1973-74 reads as under:

> "The Audit Report on the Delhi Transport Corporation for the year 1971-72 could not be laid on the Table of Parliament till 1976 since the accounts of the Delhi Transport Undertaking for the period from 1st April 1971 to 2nd November 1971 had to be audited by the Chief Auditor, Municipal Corporation of Delhi and those for the period from 3rd November 1971 to 31st March 1972 in respect of DTC (successor body to D.T.U.) by the Comptroller and Auditor General of India. Delay in the finalisation of the accounts for the year 1971-72 affected the preparation and finalisation of the Annual Accounts for the subsequent financial years. As a result, the Annual Accounts for the year 1972-73 could be laid on the Table of both the Houses of Parliament only in June, 1977. Copies of the Audit Report and Annual Report for the year ending 31st March, 1974 (in English and Hindi) were received in this Ministry at 5 P.M. on the 6th August, 1977. The last session of Lok Sabha was prorogued on the 8th August and that of Rajya Sabha on 9th August, 1977. Consequently, there was hardly any time available to process the case for laying the above documents on the Table of Parliament in the last session. Hence the papers are being laid in the present session."

1.7. The Annual administration Reports of DTC for the years 1973-74, 1974-75 and 1975-76 were laid on the Table of Lok Sabha on 23 November, 1977 alongwith a statement explaining reasons for delay in laying the Reports. The delay statement reads as follows:

> "Copies of the reports were received from the Delhi Transport Corporation after the prorogation for the last Session of Parliament. Hence, these reports are being laid on the Table of Parliament in the current session."

1.8. Since the Annual Administration Reports for the years 1973-74, 1974-75 and 1975-76 were laid after lapse of considerable time after the close of the relevant accounting year and the delay statement did not indicate the reasons which actually led to delay in laying those reports before Parliament, further information was called for from the Ministry of Shipping and Transport on 5 December, 1977 and that Ministry furnished

the requisite information *vide* their communication dated 17th May, 1978, which stated *inter alia* as follows:

> "....the DTC has since laid down a time bound schedule for completing the work relating to preparation of its annual Administration Reports. A copy of relevant orders issued by the Corporation *vide* their Circular No. Adm.1-7(195)/78 dated the 1st March, 1978, is sent herewith (Appendix-I). According to this Programme Annual Reports will be submitted by the Corporation to Government before end of November and it will then be possible to lay the report before Parliament by the prescribed period.
>
> The Annual Administration Reports of Corporation for the years 1974-75 and 1975-76 were received from the Corporation in the Ministry in October, 1977, and were laid on the Table of Parliament in November, 1977. The Administration Report for the year 1976-77 was presented to Parliament in time in December, 1977.
>
> The Corporation was asked to fix responsibility for the delay in the preparation of its annual administration reports for the years 1973-74 to 1975-76. The Corporation has intimated that this matter is being considered by it."

1.9. The Audit Report and Annual Accounts of the Delhi Transport Corporation for the year 1974-75 were laid on the Table of Lok Sabha on 30 August, 1978 alongwith a statement showing reasons for delay in laying them. According to the delay statement, the reasons for delay are as follows:—

> "The Audit Report on the accounts of the Delhi Transport Corporation for the year 1971-72 could be laid on the Table of Parliament only in 1976 since the accounts of the Delhi Transport Undertaking for the period from 1st April 1971 to 2nd November, 1971, in that year had to be audited by the Chief Auditor, Municipal Corporation of Delhi and those for the period from 3rd November, 1971 to 31st March, 1972 in respect of DTC (successor body to DTU) by the Comptroller and Auditor General of India. Delay in the finalisation of the accounts for the year 1971-72 affected the preparation and finalisation of the Annual Accounts for the subsequent years.
>
> The Audit Report and Annual accounts of the Corporation for the year ending 31st March, 1975, were received in this Ministry from the Member, Audit Board, and *ex-officio* Director of Commercial Audit only on the 4th August, 1978, whereafter

arrangements had to be made here to get the Hindi translation of the documents. Hence, the delay."

1.10. With a view to knowing the magnitude of delay at various stages of the accounts of DTC, the Committee heard the oral evidence of the representatives of the Ministry of Shipping and Transport and the Delhi Transport Corporation at their sitting held on 22 September, 1978.

1.11. On enquiry about the reasons for delay to the extent of 51 months in laying on the Table of the House the audit report of DTC for the year 1972-73 in spite of the recommendation of the Committee that the audited accounts should be laid on the Table within nine months of the close of the accounting year, the representative of the Ministry of Shipping and Transport stated:

"There is only a very partial mitigating circumstance, *viz* the auditing of the accounts of the Corporation in 1971-72 was delayed because it was in two parts, one of the Municipal Corporation and the other of the Corporation period. Probably from the point of view of accounts it is correct, but the Accounts Department in the DTC said that they would compile the accounts for the current year only when the audited accounts for the earlier year were available so that the opening balance could be taken from the audited accounts. The latter themselves became available only quite late. Of course, books were continued; and we continued maintaining accounts for the other period also. They have now themselves moved to the other position, *viz.* now they do not wait for the audit report."

1.12. When asked whether any decision was taken to the effect that the audit report for the previous year's accounts should be awaited before compiling the accounts for 1972-73, the Chief Accounts Officer of DTC stated:

"Actually, there was no decision in this behalf; but when the accounts for two portions of 1971-72 had to be audited, accounts had to be revised in the light of the Audit Report and they were recast and again re-submitted to the Government, on 31st July 1973."

1.13. Commenting on the delay in laying the Audit Reports of DTC, the representative of the Ministry of Shipping and Transport conceded that there was undue delay which one could not justify. He, however, added that position was since improving.

1.14. On enquiry whether any reminder was given to DTC by the Ministry, the witness stated that the Ministry did not write in respect of the Audit Report though a letter had been written to DTC on June 4, 1974 in respect of Annual Administration Report for 1972-73. Admitting that

it was an omission on the part of the Ministry in not pursuing the matter with the DTC in respect of the audit report, the witness stated that DTC was also expected to send the audit report in time. The Committee desired to know whether the responsibility was pinned down on the officer concerned. The representative of the Ministry said that that had not been done but it was a satutory responsibility of the DTC to lay the report in time. He conceded that it was a case of omission on the part of the Ministry but it was not a case of *mala fide*.

1.15. Asked whether the form as required under Section 33(1) of the Road Tronsport Corporation Act, 1950 had been prescribed for maintenance of accounts of DTC, the witness replied in the negative and added that the Comptroller and Auditor General had been consulted about the forms. The witness further stated :—

> "....We concede the point that seven years are quite a long period. This would apply to the DTC after it was formed in 1971. Before the DTC it was part of the Municipal Corporation and then this Act did not apply. The DTC became a Corporation in November, 1971 and seven years were there. It should have been done."

1.16. In a subsequent note dated 26 September, 1978, the Ministry of Shipping and Transport (Transport Wing) have stated:

> "Action was initiated on 5th July, 1973 to frame rules under clauses (i) and (j) of Sub-Section 2 of Section 44 of the Road Transport Corporation Act, 1950 relating to the rules to be framed by the Central Government about the form in which the budget is to be prepared by the Corporation and submitted to the Government each year and the form in which the annual accounts are to be prepared. On 11th July, 1974 a dratt of these rules was circulated to the DTC, Comptroller and Auditor General of India, Ministry of Finance (Department of Expenditure), Ministry of Finance (B.P.E.) and erstwhile Internal Finance Division of this Ministry for comments/concurrence. Comments of Internal Finance were received on 27th July, 1974. The comments of Comptroller and Auditor General of India were received on 17th May, 1975, and of the Bureau of Public Enterprises on 23rd May, 1975. Comments of the Delhi Transport Corporation on the draft rules were received on 1st August, 1975. Ministry of Finance (Department of Expenditure), however, stated on 9th September, 1974 that comments cannot be offered by that Ministry until the comments of the DTC and other Departments were received and seen by that Department. The Delhi Transport Corporation again furnished some additional comments on 5th January, 1976.

The file alongwith the comments received from all concerned, were sent to the Ministry of Finance (Department of Expenditure) on 11th May, 1976. That Ministry returned the file on 14th May, 1976 with the observations that in order to facilitate the disposal of the case, it is necessary to have a self contained note alongwith the comparative statement in the matter. The file was again referred to that Ministry (now Finance Division) on 11th January, 1977. The file was again returned by the Finance Division on 30th March, 1977 suggesting that the Draft Rules be revised after examining and taking into account the comments received from the concerned Department etc. The case thereafter remained pending in the Ministry for examination."

Alongwith the above mentioned note, the Ministry of Shipping and Transport also furnished information about the dates on which the Audit Reports and Annual Administartion Reports in respect of Delhi Transport Corporation were processed for laying them on the Table of Lok Sabha. (Appendix—II and Appendix—III).

1.17. Regarding the accounts of DTC for the years 1975-76, 1976-77 and 1977-78 the representative of the Ministry of Shipping and Transport stated during evidence that these had been sent to the Audit on 14th June, 1977, 6th October, 1977 and 30th June, 1978, respectively. He further informed that the Audit had on 3rd December, 1977 sent to DTC the draft Audit Report for 1975-76 for comments which DTC had already furnished.

1.18. When asked whether any time schedule had been prepared for completing action at various stages of the Audit and Annual Administration Reports of DTC in future, the witness explained that time schedule had been laid down in respect of Annual Administration Reports and there was no time schedule in respect of the accounts and audit reports although it had been impressed upon DTC to compile and send their accounts to Audit within 3 months of the close of an accounting year. When pointed out that the accounts had to be laid within nine months of the close of the accounting year, the witness pleaded that this would depend upon the Audit. The Committee pointed out that in case the accounts were not prepared properly, the audit was bound to take more time. The witness thereupon, agreed to consult the Audit authorities for laying down a time schedule for auditing of accounts etc.

1.19. Asked whether the Committee could be assured that the Audit Reports and Annual Administration Reports of DTC would be laid in time, in future, the representative of the Ministry of Shipping and Transport stated :

"About the Annual Report, we certainly should be able to ensure. About the Audit Report we will discuss with the Auditor General so that the time schedule is prepared in consultation with him."

1.20. Inviting attention of the witnesses to the following observations of the Audit made in the Audit Report for 1972-73 and 1973-74, the Committee enquired about the action proposed to be taken by DTC in regard thereto :—

Audit Report for 1972-73 :

"9. The Corporation did not have any effective system of Internal Audit. No Manual of Internal Audit has been drawn up. The items and quantum of work to be test checked are prescribed from month to month keeping in view the available staff for Internal Audit work. Internal Audit Reports, if any, prepared were also not made available.

There is no control wing. However, a Costing Section keeps the records of jobs attended to in the Central Workshop only.

The Corporation has not also drawn up any Accounting Manual uptil now (March, 1976)."

Audit Report for 1973-74 :

"6. As mentioned in the report for the year 1972-73 no accounting manual had been drafted and the internal audit and cost control system were not adequate (January, 1977)."

The Chief Accounts Officer of DTC stated :

"There is a separate internal audit unit and there are two or three persons in an Audit Party who go. They have given a monthly programme of the items they have to check. The Manual is not there."

1.21. The Committee also noted from the Audit Report for 1973-74 that "the value of assets and liabilities taken over from the Delhi Transport Untertaking is yet to be finalised. Pending the settlement, the Corporation has adopted the value of such assets and liabilities as on 2nd November, 1971, as certified by the Municipal Chief Auditor", and enquired about the reasons for taking a long time in finalising the value of the assets and liabilities. The representative of the Ministry stated that there was a dispute between the DTC and the Municipal Corporation of Delhi on the matter and now a Tribunal had been appointed to go into the matter. The witness admitted that sometime was taken in deciding as to who would be the Chairman of the Tribunal and what would be its terms of reference.

1.22. The Committee further noted that according to the Audit Report for 1973-74 "the Central Government has at present no contemplation to issue directives to the Corporation for making provision for depreciation and for reserve and other funds under Section 29(1) of the Road Transport Corporation Act" and asked the witness what he had to say about it. The witness stated that DTC had been running at a loss and there was no cash money to be set apart for depreciation or other funds. He further stated that the Corporation had no surplus after meeting the working expenses.

1.23. Inviting the attention of the representative of DTC to the observation (reproduced below) made by the Audit in the Audit Report for 1973-74, the Committee enquired about the reasons for not following the procedure regarding physical verification.

"Physical verification :

In accordance with the procedure of the Corporation all items were to be verified physically twice a year. However, during the year, 10,303 items of stores valued at Rs. 76.20 lakhs out of 34,774 items pertaining to Central stores, Civil Engineering Department, Stationery Section were not physically verified."

The witness explained that due to shortage of staff the physical verification could not be done.

1.24. Noting that 'Review' on the working of DTC had not been laid on the Table of the House alongwith any of the Annual Administration Reports, the Committee enquired about the reasons for not doing so. The witness stated that in future 'Review' would be laid on the Table of the House.

1.25. The Committee further noted that the Annual Administration Reports of DTC for 1973-74, 1974-75 and 1975-76 were laid on the Table (on 23-11-1977) after a considerable delay and according to the statement of reasons for delay in laying the said reports "copies of Reports were received from the Delhi Transport Corporation after the prorogation of the last session of Parliament. Hence these reports are being laid on the Table of Parliament in the current session." The Committee enquired whether the reasons given by the Ministry were satisfactory. The witness stated :

"Probably, it was not correctly written. It explains only the delay on the part of the Ministry, not the total delay."

1.26. The Committee came across the following observations/comments made by the Audit in the Audit Reports for 1973-74 and 1974-75.

*Audit Report for* 1973-74.

*Physical vertification*

In accordance with the procedure of the Corporation all items were to be verified physically twice a year. However, during the year, 10,303 items of stores valued at Rs. 76.20 lakhs out of 34,774 items pertaining to Central stores, Civil Engineering Department, Stationery Section were not physically verified.' (Page 12 of Audit Report).

*Audit Report for* 1974-75

'It was observed in test check in seven depots (including the Central Workshop) that out of 262 buses repaired during 1974-75 and 1975-76 (upto January, 1976) 79 buses had been held for repairs for periods ranging from 90 days to 180 days, 57 buses for 181 days to 365 days, 13 buses between 1 and 2 years, 2 buses bebtween 2 and 3 years and 1 buses for more than 3 years. The Management have stated (January, 1978) that these buses were held-up on account of extra load on the Workshop due to student/public agitations, acute shortage of good quality stores and spare parts, and also due to shortage of maintenance staff. It may be mentioned that during the year, 853 new staff were added to the strength of Maintenance and workshop Department (Page 7 of Audit Report).

'The cumulative loss at the end of 1974-75 amounted to Rs. 3,941.42 lakhs (including Rs. 1,522.45 lakhs from the pre-Corporation period) and represented 87.2 per cent of the total capital invested. The Management have stated (January, 1978) that the fare structure which was revised more than a decade ago *i.e.*, in 1964, remained unchanged as a result of which it heavily burdened the financial position of the Corporation. It may, however, be mentioned that even without a change in fare structure, in 1974-75 the operating revenue per kilometre as well as per passenger registered an increase of 10 per cent (approximately) over the previous year.' (Page 8 of Audit Report).

'Physical vertification of fixed assets was not conducted during 1974-75 (or in earlier years) not were registers of assets maintained except for buses and auxiliary vehicles. Though the Management have stated (January, 1978) that physical vertification of furniture and fixure were conducted annually, the vertification reports were not made available to audit. In

regard to land and buildings, the Management stated to have issued instructions for maintenance of proper detailed registers. In regard to buses, it has been stated that certificates of actual number of buses held in each unit are obtained from each unit officer at the close of the accounting year." (Page 12 of Audit Report).

1.27. The Annual Administration Report of the Delhi Transport Corporation for the year 1977-78 was laid on the Table of Lok Sabha on 22 December, 1978 alongwith 'Review' on the working of the Corporation.

1.28. The certified accounts of the Delhi Transport Corporation for the year 1975-76 and audit report thereon were laid on the Table of Lok Sabha alongwith a statement showing reasons for delay in laying them, on 30 March, 1979. The delay statement reads as under:—

"Delhi Transport Corporation was established w.e.f. 3rd November, 1971. Prior to the establishment of the Corporation, the Corporation was functioning as a Municipal Undertaking under the Municipal Corporation of Delhi. The accounts for the year 1971-72 were, therefore, partly audited for the period from 1-4-71 to 2-11-71 by the Chief Auditor, Municipal Corporation of Delhi and partly from 3-11-71 to 31-3-72 by the Comptroller and Auditor General of India. Part accounts which were to be audited by the Municipal Auditor took a long time and final figures were available only on 31-7-73. The part accounts relating to the period from 3-11-71 to 31-3-72 were finally adopted by the DTC Board on 6-7-74. As there was delay in the finalisation of the accounts of the first year of the Corporation, it also affected the preparation and finalisation of the accounts for the subsequent years due to non-availability of authentic opening balances.

Efforts have, however, been made to take less time for the finalisation of the annual accounts for the subsequent years. Audited copy of the annual accounts of the Corporation were received for the year 1972-73, 1973-74 and 1974-75 on 16-11-76, 22-4-77 and 2-8-78 from the Audit.

The accounts for the year relating to 1975-76 were submitted by the Corporation to the Audit on 14-6-77 which were received from the Audit for laying on the Table of two Houses of Parliament only on 26-12-78. As it took a long time for the Audit to audit the accounts, it has not been possible to lay the copies of the Audit Report and the Annual Accounts for the year 1975-76 earlier. Copies are being laid in the first session of the Parliament after receipt of the audited accounts."

**1.29. The Committee are shocked to note the inordinate delay on the part of the Ministry of Shipping and Transport in laying the certified accounts for the years 1972-73, 1973-74, 1974-75 and 1975-76 and Audit Reports thereon in respect of the Delhi Transport Corporation as these were laid on the Table of Lok Sabha as late as on 26-6-1977, 16-11-1977, 30.8.1978 and 30-3-79 respectively i.e. 51 months, 43½ months, 41 months and 36 months after the close of the relevant accounting year. The Committee are of the view that such alarming delays keep Parliament in the dark about the financial health of an organisation wherein huge sums of money are invested by Government. The very idea underlying the principle of accountability of the Government to Parliament is frustrated if the Parliament is not informed by Government about the performance and achievements of organisations under their control within a reasonable time after the close of an accounting year. In the absence of such information the Parliament finds itself completely helpless in determining the quantum of funds to be granted for being spent on such organisations.**

**1.30. The Committee are not at all convinced with the explanation of the Ministry of Shipping and Transport given in the delay statements laid alongwith the certified accounts for 1972-73, 1973-74 and 1974-75 of the Delhi Transport Corporation, stating therein that the time taken in preparation and finalisation of the accounts for the year 1971-72 in which the Delhi Transport Corporation came into being, led to delay in laying on the Table the Certified accounts for all the subsequent years. In this connection, the Committee find from the information furnished by the Ministry of Shipping and Transport that the accounts of DTC for the period from 3-11-1971 to 31-3-1972 were ready for being audited in November, 1973 and these were adopted by the DTC Board on 6-7-1974 whereafter 19 months' time was taken in their auditing by the Audit, their printing and their laying on the Table of the House. While the delay that occurred in preparation of accounts for 1971-72, at the initial stage i.e. immediately after the conversion of DTU into DTC, is justifiable, the delay which occurred in adopting the accounts by DTC Board, auditing of those accounts (which related to only a period of 5 months) and their laying on the Table, of the House is unreasonable and can, in no way, be justified.**

**1.31. As regards the certified accounts and audit report for the year 1972-73, the Committee find that DTC took as long as 18 months' time after the accounts for 1971-72 had been compiled, in preparing the accounts for that year for being audited whereafter another 17 months time was taken by the Audit in auditing and making a copy of the audit report available to DTC and 7 months time was taken in completing other formalities like printing and translation etc., of the accounts and audit report Similarly in the case of the accounts for 1973-74, the DTC took about**

16 months time after accounts for 1972-73 had been compiled, in preparing those accounts for being audited whereafter 7 months time was taken by the Audit in auditing those accounts and making available a copy of the audit report to DTC and 3½ months time was taken by the DTC in sending copies of the report to the Ministry for laying on the Table of the House. Likewise, in the case of the accounts for 1974-75, DTC took 7 months time after the accounts for 1973-74 had been compiled, in preparing those accounts for being audited and the Audit took 15 months time in auditing those accounts.

1.32. The Committee are distressed to find that neither the Ministry of Shipping and Transport nor the Delhi Transport Corporation even cared to follow the mandatory provisions of sub-section (4) of section 33 of the Road Transport Corporations Act, 1950, which stipulates that:

> "The Accounts of the Coropration as certified by the Comptroller and Auditor General of India or any person appointed by him in this behalf together with the Audit Report thereon shall be forwarded annually to the State Government and that Government shall cause the same to be laid before each House of Parliament."

At no stage have the Ministry or the Delhi Transport Corporation been serious enough to see that laying of accounts and audit reports on the Table of the House, is not unreasonably delayed. Much of the delay could have been eliminated had the audit authorities been reminded from time to time to expedite the auditing of the accounts and had the copies of the accounts and audit reports for 1972-73 and 1973-74 been laid on the Table of the House in cyclostyled form, if there was any delay at printing stage, as they did in the case of the audit report for 1974-75.

1.33. During the course of evidence it was revealed that despite the provisions of sub-section (1) of Section 33 of the Road Transport Corporations Act, 1950 that "the Corporation shall maintain proper accounts and other records and prepare an annual statement of accounts including the profit and loss accounts and the balance sheet in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor General of India", the requisite form has not been prescribed so far by the Government even after 7 years of formation of DTC. The Committee deprecate the tendency of the Ministry of Shipping and Transport in procrastinating the matter. Even the Audit have also in the Audit Reports for 1972-73, 1973-74, 1974-75 and 1975-76 repeatedly pointed out the lapse on the part of Government in not prescribing the requisite form. The Committee feel that prescribing of the form in which the accounts should be maintained should have been given top priority with a view to facilitating the work of the accounting staff of DTC in compiling

and maintaining the accounts properly and efficiently. The Committee are of the opinion that urgent steps in right earnest should be taken by the Government in prescribing the requisite form for maintenance of accounts etc. The Committee would like to be apprised of the progress made in this regard within 3 months.

1.34. To their utter surprise, the Committee find the following observations made repeatedly by the Audit in the audit reports for 1972-73, 1973-74 and 1974-75:

*Audit report for* 1972-73:—

9. Internal Audit, Cost Control System and Accounting Manual.

The Corporation did not have any effective system of the Internal Audit. No Manual of Internal Audit has been drawn up. The items and quantum of work to be test checked are prescribed from month to month keeping in view the available staff for Internal Audit work. Internal Audit Reports, if any, prepared were also not made available.

There is no control wing. However, a Costing Section keeps the records of jobs attended to in the Central Workshop only.

The Corporation has not also drawn up any Accounting Manual uptil now (March, 1976). (Page 12 of Audit Report).

*Audit Report for* 1973-74.

6. Internal Audit, Cost Control etc.

As mentioned in the report for the year 1972-73 no accounting manual had been drafted and the internal audit and cost control system were not adequate (January, 1977), (Page 12 of Audit Report).

*Audit report for* 1974-75:—

E. Internal Audit, Cost Control etc.

The Accounting Manual had not been drafted (January 1978) and the cost control system and internal audit are not adequate. Out of 17 units (including Central Workshops, Central Stores and the Headquarters), internal audit was not conducted in 7 depots and in the rest, only transactions pertaining to the establishment and receipts and issues of spare parts were audited. The recoveries as pointed out by internal audit were not promptly effected and were not effected in 2713 cases. Unsettled objections date back to 1960-61. The Management have stated (January 1978) that there was shortage of staff for conducting internal audit and efforts were being made to depute the existing staff in various units in order to cover the maximum number of units in turn. (Page 15 of Audit Report)'.

**1.35. The Committee fail to understand as to why the same observation has been allowed to be repeated time and again in the Audit Reports without any solution being found out therefor. These observations depict the extremely sorry state of affairs in the Audit Department of Delhi Transport Corporation inasmuch as it is devoid of the basic requisites like an effective system of Internal Audit, a Manual of Internal Audit and Accounting Manual etc. which are sine qua non of keeping the accounts of any organisation in proper form. In the absence thereof, the preparation of accounts is bound to be delayed with the result that laying of the accounts on the Table of the House is also likely to be delayed. The reports and accounts lose their importance if they are not laid on the Table of the House within a reasonable time after the close of the accounting year, as, at a very late stage, the corrective measures, if any, suggested by Parliament do not prove so effective as these could have been if the reports etc. had been laid in time. The Committee trust that earnest steps will be taken by Delhi Transport Corporation to tone up their Accounts Department in order that the deficiencies pointed out by the Audit are made up and accounting procedures are streamlined.**

**1.36. In the Audit reports for 1973-74 and 1974-75 the Audit has made the following observations:**

*Audit Report for* 1973-74

Physical verification

**In accordance with the procedure of the Corporation all items were to be verified physically twice a year. However, during the year, 10,303 items of stores valued at Rs. 76.20 lakhs out of 34,774 items pertaining to Central stores, Civil Engineering Department, Stationery Section were not physically verified. (Page 12 of Audit Report).**

*Audit Report for* 1974-75

**It was observed in test check in seven depots (including the Central Workshop) that out of 262 buses repaired during 1974-75 and 1975-76 (upto January 1976) 79 buses had been held for repairs for periods ranging from 90 days to 180 days, 67 buses for 181 days to 365 days, 13 buses between 1 and 2 years, 2 buses between 2 and 3 years and 1 bus for more than 3 years. The Management have stated (January, 1978) that these buses were held-up on account of extra load on the Workshop due to student/public agitations, acute shortage of good quality stores and spare parts, and also due to shortage of maintenance staff. It may be mentioned that during the year, 853 new staff were added to the strength of Maintenance and Workshop Department. (Page 7 of the Audit Report).**

The cumulative loss at the end of 1974-75 amounted to Rs. 3,941.42 lakhs (including Rs. 1,522.45 lakhs from the pre-Corporation period) and represented 87.2 per cent of the total capital invested. The Management have stated (January 1978) that the fare structure which was revised more than a decade ago i.e. in 1964, remained unchanged as a result of which it heavily burdened the financial position of the Corporation. It may, however, be mentioned that even without a change in fare structure, in 1974-75 the operating revenue per kilometre as well as per passenger registered an increase of 10 per cent (approximately) over the previous year. (Page 8 of the Audit Report).

Physical verification of fixed assets was not conducted during 1974-75 (or in earlier years) nor were registers of assets maintained except for buses and auxiliary vehicles. Though the Management have stated (January 1978) that physical verification of furniture and fixture were conducted annually, the verification reports were not made available to audit. In regard to land and buildings, the Management stated to have issued instructions for maintenance of proper detailed registers. In regard to buses, it has been stated that certificates of actual number of buses held in each unit are obtained from each unit officer at the close of the accounting year. (Page 12 of Audit Report).

1.37. The Committee cannot help expressing their extreme dissatisfaction over the manner in which the Delhi Transport Corporation has been functioning. The physical verification had not been done in spite of the procedure laid down therefor. The Audit Report for 1974-75 reveals the inefficiency and ill-equipment of depots and Central Workshop of DTC as also the losses suffered by the Corporation. The Committee feel that if these reports had been laid on the Table of the House in time, Parliament would have taken note of such observations and irregularities pointed out by the Audit and would also have taken an opportunity to discuss the matter at the time of voting on Demands for Grants of the Ministry of Shipping and Transport so as to avoid repetition of serious irregularities in the accounts of DTC which is under the administrative control of the Ministry of Shipping and Transport. Thus, on account of delay in the laying of these reports, Parliament has been kept in the dark about the financial mess created in the functioning of DTC. The Committee are constrained to remark that it serves no useful purpose to lay reports on the Table which have become obsolete.

1.38. The Committee note that neither the certified accounts of DTC for the years 1976-77 and 1977-78 and audit reports thereon,

which should have been laid on the Table of the House by 31 December, 1977 and 31 December, 1978 respectively, have been laid as yet, nor any statement showing reasons why these accounts and audit reports could not be laid within the stipulated time was laid on the Table in accordance with the recommendation made in para 1.16 of their First Report (Fifth Lok Sabha).

1.39. The Committee cannot help expressing their displeasure over the manner in which their recommendations have been treated by the Ministry of Shipping and Transport. The Committee are of the view that the situation is not likely to improve unless earnest and concerted efforts are made by the Ministry concerned to clear the backlog at the earliest. The Committee would therefore, like the Ministry to remain in touch with the Delhi Transport Corporation so as to keep a constant watch on the progress regarding compilation of its accounts, their auditing, printing and translation into Hindi version etc., and take such remedial measures which might be necessary so that the certified accounts and audit reports are laid before Parliament without any further delay. If for any reason, it is not possible to lay the certified accounts and audit reports during the current session (i.e. Budget Session, 1979) the Ministry should lay a statement on the Table, before the termination of the session, explaining the reasons why they have not been able to lay the accounts and reports for the years 1976-77 and 1977-78 so far.

1.40. The Committee would, also like to reiterate their recommendation made in para 1.16 of their First Report (Fifth Lok Sabha)—presented to Lok Sabha on 8-3-1976—that after the close of the accounting year every autonomous organisation should complete its accounts within a period of 3 months and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing of Reports should be completed within the next six months so that the Reports and audited accounts are laid before Parliament within nine months after the close of the accounting year unless otherwise stipulated in the relevant Act etc. under which the body has been set up. If, for any reason, the report and audited accounts cannot be laid within the stipulated period of nine months, the concerned Ministry should lay within 30 days of the expiry of the prescribed period or as soon as the House meets, whichever is later, a statement explaining the reasons why the report and accounts could not be laid within the stipulated period.

1.41. With a view to meeting the requirements of the recommendation made in para 1.16 of the First Report (Fifth Lok Sabha), the Committee suggest that a time bound programme should be drawn up for completing action at various stages like preparation of accounts, their submission to the Audit for auditing, completion of audit, furnishing replies to audit queries, furnishing final audit report to the Ministry or DTC, translation and printing, etc. of accounts and the audit report, in such a manner that

these are laid on the Table of the House within nine months after the close of the accounting year. The Committee also suggest that while preparing the time schedule the Audit authorities may be consulted in the matter. The Committee would like to be apprised of the position in this regard within 3 months.

1.42. The Committee note that despite the provisions of sub-sections (2) and (3) of Section 35 of the Road Transport Corporations Act, 1950 which provide as under :

> "(2) Without prejudice to the provisions of sub-section (1), a Corporation shall, as soon as possible after the end of each financial year, submit to the State Government a report on the exercise and performance by it of its powers and duties under this Act during that year and on its policy and programme.
>
> (3) The State Government shall cause the annual report referred to in sub-section (2) to be laid before each House of Parliament"

the Annual Administration Reports of the DTC for the years 1973-74, 1974-75 and 1975-76 were laid on the Table of Lok Sabha on 23-11-1977 i.e. 44 months, 32 months and 20 months after the close of relevant accounting year. The Committee are surprised to find that the Statement which was laid along with the above reports, explaining reasons for delay, hardly carries any reason on account of which the reports could not be laid in time. The Committee are constrained to observe that no mind was applied in preparing the delay statement and it had been laid on the Table as a mere formality. In the Committee's opinion such delay statements hardly serve any purpose and it is unfair to Parliament to withhold from it the real reasons for delay.

1.43. The Committee need hardly point out that the idea behind laying on the Table of the House, a statement explaining reasons for the delay is to apprise the House of the factors which were responsible for the delay or the difficulties being faced by the Ministry or the organisation concerned in compilation, auditing, printing, translation etc., of the accounts and reports so that the House might be in a position to examine those reasons and suggest corrective measures, where necessary, for future guidance. The Committee trust that, in future, due care would be taken while preparing the delay statement.

1.44. The Committee note that the Annual Administration Reports for 1976-77 and 1977-78 of the Delhi Transport Corporation were laid on the Table of Lok Sabha within the stipulated time i.e. on 14-12-1977 and 22-12-1978 respectively but the Ministry of Shipping and Transport had not laid along with the Annual Administration Report for 1976-77 their own "Review" on the working of the Corporation although they had laid

**the Review alongwith the Annual Administration Report for 1977-78. The Committee trust that the Ministry would, in future, lay invariably their own 'Review' on the working of DTC in accordance with the recommendation made in para 3.8 of their Second Report (Sixth Lok Sabha), mentioning therein the salient points of achievements, total expenditure incurred by the Government on the Corporation, how far the Corporation has achieved the objectives for which it was set up and what are the salient features of its future programme. Where the Report or the Audit Report mentioned any serious irregularity or any other matter of importance which needed corrective action or further enquiry, it was expected of the Government to include in the Review the remedial steps being taken in that direction.**

KANWAR LAL GUPTA,
*Chairman,*
*Committee on Papers laid on the Table.*

NEW DELHI;
*April* 6, 1979
*Chaitra* 16, 1901 (*Saka*)

## APPENDIX I

(*Vide* para 1.8 of the Report)

Copy of letter No. Adm. I-7(195)/12 Dated 10-4-1978. From Delhi Transport Corporation, I.P. Estate, New Delhi, addressed to all Department Heads, All Officers and Sections.

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SUBJECT: *Supply of material for inclusion in the Annual Administration Report of the Corporation for the year* 1977-78.

Reference this Office Circular No. Adm. I—7(195)/78 dated 1-3-1978 on the above subject.

It has been desired by the Government that the Annual Administration Report for the year 1977-78 be sent to the Ministry of Shipping and Transport before the end of November, 1978. Consequently, the time schedule fixed for compilation of the report and its final completion is modified as under, in order to enable its submission to the Government before the end of November, 1978:—

1. The material will be supplied by all the Departments by 30th April, 1978.
2. The material received shall be scrutinised and arranged by the Administration Department in Consultation with the Planning-*cum*-Statistical Officer latest by 31st July, 1978.
3. The draft report shall be submitted to the Chairman-*cum*-General Manager in the first week of August, 1978 for approval.
4. The report shall thereafter be placed before the DTC Board by the end of August, 1978.
5. The Stores Department/Printing Press shall take necessary steps to have the Report printed as soon as it is approved by the DTC Board. This work shall be completed latest by 15th November, 1978.
6. The report shall be sent to the Government before the end of November, 1978.

It is once again emphasised that the work of furnishing the material be given "Top Priority" to ensure that the time schedule fixed is adhered to and the report completed in time. It is suggested that this work may be entrusted to a senior responsible official specifically with a stipulation to be completed by the deadline laid down in the time schedule by the respective Departmental Head, so that this work is streamlined and it is possible to pin-point the responsibility in the event of default.

## APPENDIX II

(*Vide* para 1.16 of the Report)

*Statement showing the dates on which the Audit Reports in respect of Delhi Transport Corporation were processed for laying them on the Table of Lok Sabha*

| Sl. No. | Stages of accounts and Audit Report | Accounts & Audit Reports for | | |
|---|---|---|---|---|
| | | 1972-73 | 1973-74 | 1974-75 |
| 1. | Date when accounts were ready for auditing | 17-5-75 | 20-9-76 | 20-4-77 |
| 2. | Date when Audit was requested to audit the accounts | 11-6-75 | 25-9-76 | 26-4-77 |
| 3. | Date when draft audit report was received | 24-7-76 | 9-12-76 | 2-9-77 |
| 4. | Date when a copy of annual accounts was received for laying from the Audit | 16-11-76 | 22-4-77 | 3-8-78 |
| 5. | Date when DTC was asked to send requisite number of copies in English and Hindi | 8-12-76 | 5-5-77 | |
| 6. | Date when requisite number of copies were received from DTC for laying | 9-6-77 | 6-8-77* | |
| 7. | Date when copies were sent to Lok Sabha Secretariat for laying | 24-6-77 | 8-11-77 | 28-8-78 |
| 8. | Date of laying on the Table of Lok Sabha | 26-6-77 | 16-11-77 | 30-8-78 |

*(7th August, 1977 was Sunday and Lok Sabha was prorogued on 8-8-77 and was reconvened on 14-11-77).

## APPENDIX III

(*Vide* para 1.16 of the Report)

*Statement showing the dates on which the Annual Administration Reports of Delhi Transport Corporation were processed for laying them on the Table of Lok Sabha*

| Sl. No. | Stages of Annual Administration Reports | Annual Administration Reports for | | | |
|---|---|---|---|---|---|
| | | 1972-73 | 1973-74 & 1974-75 | 1975-76 | 1976-77 |
| 1. | Dates when the Reports were compiled | .. | 18-6-77 | 11-7-77 | Laid before Parliament in time *i.e.* 14-12-77. |
| 2. | Dates when the Reports were submitted to DTC Board | 21-7-75 | 8-7-77 | 22-8-77 | |
| 3. | Dates when the Reports were received from D.T.C. | 20-1-76 (5 copies) 28-1-76 (remaining copies) | 17-9-77* | 17-10-77 | 30-11-77 |
| 4. | Dates when copies of Reports were sent to Lok Sabha Secretariat for laying | 2-2-76 | 15-11-77 | 15-11-77 | 7-12-77 |
| 5. | Dates of Laying the Reports on the Table of Lok Sabha | 3-2-76 | 23-11-77 | 23-11-77 | 16-12-77 |

*(7th August, 1977 was Sunday and Lok Sabha was prorogued on 8-8-77 and was reconvened on 14-11-77).

## APPENDIX IV

*Summary of Recommendations/Observations contained in the Report*

| (1) | (2) | (3) |
|---|---|---|
| Sl. No. | Reference to Para No. of the Report | Summary of Recommendations/ Observations |
| 1 | 1.29 | The Committee are shocked to note the inordinate delay on the part of the Ministry of Shipping and Transport in laying the certified accounts for the years 1972-73, 1973-74, 1974-75 and 1975-76 and Audit Reports thereon in respect of the Delhi Transport Corporation as these were laid on the Table of Lok Sabha as late as on 26-6-1977, 16-11-1977, 30-8-1978 and 30-3-1979 respectively *i.e.* 51 months, 43½ months, 41 months and 36 months after the close of the relevant according year. The Committee are of the view that such alarming delays keep Parliament in the dark about the financial health of an organisation wherein huge sums of money are invested by Government. The very idea unerlying the principle of accountability of the Government to Parliament is frustrated if the Parliament is not informed by Government about the performance and achievements of organisations under their control within a reasonable time after the close of an accounting year. In the absence of such information the Parliament finds itself completely helpless in determining the quantum of funds to be granted for being spent on such organisations. |
| 2 | 1.30 | The Committee are not at all convinced with the explanation of the Ministry of Shipping and Transport given in the delay statements laid alongwith the certified accounts for 1972-73, 1973-74 and 1974-75 of the Delhi Transport Corporation, stating therein that the time taken in preparation and finalisation of the accounts for the year 1971-72 in which the Delhi Transport Corporation came into |

| (1) | (2) | (3) |
|---|---|---|
| | | being, led to delay in laying on the Table the certified accounts for all the subsequent years. In this connection, the Committee find from the information furnished by the Ministry of Shipping and Transport that the accounts of DTC for the period from 3-11-1971 to 31-3-1972 were ready for being audited in November, 1973 and these were adopted by the DTC Board on 6-7-1974 whereafter 19 months time was taken in their auditing by the Audit, their printing and their laying on the Table of the House. While the delay that occurred in preparation of accounts for 1971-72, at the initial stage *i.e.*, immediately after the conversion of DTU into DTC, is justifiable, the delay which occurred in adopting the accounts by DTC Board, auditing of those accounts (which related to only a period of 5 months) and their laying on the Table of the House is unreasonable and can, in no way, be justified. |
| 3 | 1.31 | As regards the certified accounts and audit report for the year 1972-73, the Committee find that DTC took as long as 18 months time after the accounts for 1971-72 had been compiled, in preparing the accounts for that year for being audited whereafter another 17 months time was taken by the Audit in auditing and making a copy of the audit report available to DTC, and 7 months time was taken in completing other formalities like printing and translation, etc., of the accounts and audit report. Similarly, in the case of the accounts for 1973-74, the DTC took about 16 months time, after accounts for 1972-73 had been compiled, in preparing those accounts for being audited whereafter 7 months time was taken by the Audit in auditing those accounts and making available a copy of the audit report to DTC and 3½ months time was taken by the DTC in sending copies of the report to the Ministry for laying on the Table of the House. Likewise, in the case of the accounts for 1974-75, DTC took 7 months time after the accounts for 1973-74 had been compiled, in preparing those accounts for being audited and the Audit took 15 months time in auditing those accounts. |

| (1) | (2) | (3) |
|---|---|---|
| 4 | 1.32 | The Committee are distresed to find that neither the Ministry of Shipping and Transport nor the Delhi Transport Corporation even cared to follow the mendatory provisions of sub-section (4) of section 33 of the Road Transport Corporations Act, 1950, which stipulates that:—<br>"The Accounts of the Corporation as certified by the Comptroller and Auditor General of India or any person appointed by him in this behalf together with the Audit Report thereon shall be forwarded annually to the State Government and that Government shall cause the same to be laid before each House of Parliament."<br>At no stage have the Ministry or the Delhi Transport Corporation been serious enough to see that laying of accounts and audit reports on the Table of the House, is not unreasonably delayed. Much of the delay could have been eliminated had the audit authorities been reminded from time to time to expedite the auditing of the accounts and had the copies of the accounts and audit reports for 1972-73 and 1973-74 been laid on the Table of the House in cyclostyled form if there was any delay at printing stage, as they did in the case of the audit report for 1974-75. |
| 5 | 1.33 | During the course of evidence it was revealed that despite the provisions of sub-section (1) of Section 33 of the Road Transport Corporations Act, 1950 that "the Corporation shall maintain proper accounts and other records and prepare an annual statement of accounts including the profit and loss accounts and the balance sheet in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor General of India," the requisite form has not been prescribed so far by the Government even after 7 years of formation of DTC. The Committee deprecate the tendency of the Ministry of Shipping and Transport in procrastinating the matter. Even the Audit have also in the Audit |

| (1) | (2) | (3) |
|---|---|---|
| | | Reports for 1972-73, 1973-74, 1974-75 and 1975-76 repeatedly pointed out the lapse on the part of Government in not prescribing the requisite form. The Committee feel that prescribing of the form in which the accounts should be maintained should have been given top priority with a view to facilitating the work of the accounting staff of DTC in compiling and maintaining the accounts properly and efficiently. The Committee are of the opinion that urgent steps in right earnest should be taken by the Government in prescribing the requisite form for maintenance of accounts, etc. The Committee would like to be apprised of the progress made in this regard within 3 months. |
| 6 | 1.34 | To their utter surprise, the Committee find the following observations made repeatedly by the Audit in the audit reports for 1972-73, 1973-74 and 1974-75.<br>*Audit report for* 1972-73:—<br>9. Internal Audit, Cost, Control System and Accounting Manual.<br>The Corporation did not have any effective system of the Internal Audit. No Manual of Internal Audit has been drawn up. The items and quantum of work to be test checked are prescribed from month to month keeping in view the available staff for Internal Audit work. Internal Audit Reports, if any, prepared were also not made available.<br>There is no control wing. However, a Costing Section keeps the records of jobs attended to in the Central Workshop only.<br>The Corporation has not also drawn up any Accounting Manual uptil now (March, 1976). (Page 12 of Audit Report).<br>*Audit report for* 1973-74:—<br>6. Internal Audit, Cost Control etc.<br>As mentioned in the report for the year 1972-73 no accounting manual had been |

| (1) | (2) | (3) |
|---|---|---|
| | | drafted and the internal audit and cost control systems were not adequate (January 1977). (Page 12 of Audit Report). |
| | | *Audit report for* 1974-75:— |
| | | E. Internal Audit, Cost Control etc. |
| | | The Accounting Manual had not been drafted (January 1978) and the cost control system and internal audit are not adequate. Out of 17 units (including Central Workshop, Central Stores and the Headquarters), internal audit was not conducted in 7 depots and in the rest, only transactions pertaining to the establishment and receipts and issues of spare parts were audited. The recoveries as pointed out by internal audit were not promptly effected and were not effected in 2713 cases. Unsettled objections date back to 1960-61. The Management have stated (January 1978) that there was shortage of staff for conducting internal audit and efforts were being made to depute the existing staff in various units in order to cover the maximum number of units in turn. (Page 15 of Audit Report). |
| 7 | 1.35 | The Committee fail to understand as to why the same observation has been allowed to be repeated time and again in the Audit Reports without any solution being found out therefor. These observations depict the extremely sorry state of affairs in the Audit Department of Delhi Transport Corporation inasmuch as it is devoid of the basic requisites like an effective system of Internal Audit, a Manual of Internal Audit and Accounting Manual etc. which are *sine quo non* of keeping the accounts of any organisation in proper form. In the absence thereof, the preparation of accounts is bound to be delayed with the result that laying of the ac- |

| (1) | (2) | (3) |
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| | | counts on the Table of the House is also likely to be delayed. The reports and accounts lose their importance if they are not laid on the Table of the House within a reasonable time after the close of the accounting year, as, at a very late stage, the corrective measures, if any, suggested by Parliament do not prove so effective as these could have been if the reports etc. had been laid in time. The Committee trust that earnest steps will be taken by Delhi Transport Corporation to tone up their Accounts Department in order that the deficiencies pointed out by the Audit are made up and accounting procedures are streamlined. |
| 8 | 1.36 | In the Audit reports for 1973-74 and 1974-75 the Audit has made the following observations:— |
| | | *Audit Report for* 1973-74 |
| | | *Physical verification* |
| | | In accordance with the procedure of the Corporation all items were to be verified physically twice a year. However, during the year, 10,303 items of stores valued at Rs. 76.20 lakhs out of 34,774 items pertaining to Central stores, Civil Engineering Department, Stationery Section were not physically verified. (Page 12 of Audit Report). |
| | | *Audit Report for* 1974-75 |
| | | It was observed in test check in seven depots (including the Central Workshop) that out of 262 buses repaired during 1974-75 and 1975-76 (upto January, 1976) 79 buses had been held for repairs for periods ranging from 90 days to 180 days, 67 buses for 181 days to 365 days, 13 buses between 1 and 2 years, 2 buses between 2 and 3 years and 1 bus for more than 3 years. The Management have stated (January, 1978) that these buses were held-up on ac- |

| (1) | (2) | (3) |
|---|---|---|
| | | count of extra load on the Workshop due to student/public agitations, acute shortage of good quality stores and spare parts, and also due to shortage of maintenance staff. It may be mentioned that during the year, 853 new staff were added to the strength of Maintenance and Workshop Department. (Page 7 of the Audit Report). |
| | | The cumulative loss at the end of 1974-75 amounted to Rs. 3,941.42 lakhs (including Rs. 1,522.45 lakhs from the pre-Corporation period) and represented 87.2 per cent of the total capital invested. The Management have stated (January, 1978) that the fare structure which was revised more than a decade age *i.e. in* 1964, remained unchanged as a result of which it heavily burdened the financial position of the Corporation. It may, however, be mentioned that even without a change in fare structure, in 1974-75 the operating revenue per kilometre as well as per passenger registered an increase of 10 per cent (approximately) over the previous year. (Page 8 of the Audit Report). |
| | | Physical verification of fixed assets was not conducted during 1974-75 (or in earlier years) nor were registers of assets maintained except for buses and auxiliary vehicles. Though the Management have stated (January, 1978) that physical verification of furniture and fixture were conducted annually, the verification reports were not made available to audit. In regard to land and buildings, the Management stated to have issued instructions for maintenance of proper detailed registers. In regard to buses, it has been stated that certificates of ac- |

| (1) | (2) | (3) |
|---|---|---|
| | | tual number of buses, held in each unit are obtained from each unit officer at the close of the accounting year. (Page 12 of Audit Report). |
| 9 | 1.37 | The Committee cannot help expressing their extreme dissatisfaction over the manner in which the Delhi Transport Corporation has been functioning. The physical verification had not been done inspite of the procedure laid down therefor. The Audit Report for 1974-75 reveals the inefficiency and ill-equipment of depots and Central Workshop of DTC as also the losses suffered by the Corporation. The Committee feel that if these reports had been laid on the Table of the House in time, Parliament would have taken note of such observations and irregularities pointed out by the Audit and would also have taken an opportunity to discuss the matter at the time of voting on Demands for Grants of the Ministry of Shipping and Transport so as to avoid repetition of serious irregularities in the accounts of DTC which is under the administrative control of the Ministry of Shipping and Transport. Thus, on account of delay in the laying of these reports, Parliament has been kept in the dark about the financial mess created in the functioning of DTC. The Committee are constrained to remark that it serves no useful purpose to lay reports on the Table which have become obsolete. |
| 10 | 1.38 | The Committee note that neither the certified accounts of DTC for the years 1976-77, and 1977-78 and audit reports thereon, which should have been laid on the Table of the House by 31 December, 1977 and 31 December, 1978 respectively, have been laid as yet, nor any statement showing reasons why these accounts and audit reports could not be laid within the stipulated time was laid on the Table in accordance with the recommendation made in para 1.16 of their First Report (Fifth Lok Sabha). |
| 11 | 1.39 | The Committee cannot help expressing their displeasure over the manner in which their recom- |

| (1) | (2) | (3) |
|---|---|---|
| | | mendations have been treated by the Ministry of Shipping and Transport. The Committee are of the view that the situation is not likely to improve unless earnest and concerted efforts are made by the Ministry concerned to clear the backlog at the earliest. The Committee would, therefore, like the Ministry to remain in touch with the Delhi Transport Corporation so as to keep a constant watch on the progress regarding compilation of its accounts, their auditing, printing and translation into Hindi version, etc., and take such remedial measures which might be necessary so that the certified accounts and audit reports are laid before Parliament without any further delay. If for any reason, it is not possible to lay the Certified accounts and audit reports during the current session (*i.e.*, Budget Session, 1979) the Ministry should lay a statement on the Table, before the termination of the session, explaining the reasons why they have not been able to lay the accounts/reports for the years 1976-77 and 1977-78 so far. |
| 12 | 1.40 | The Committee would also like to reiterate their recommendation made in para 1.16 of their First Report (Fifth Lok Sabha) presented to Lok Sabha on 8th March 1976—that after the close of the accounting year every autonomous organisation should complete its accounts within a period of 3 months and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing of Reports should be completed within the next six months so that the Reports and audited accounts are laid before Parliament within nine months after the close of the accounting year unless otherwise stipulated in the relevant Act, etc. under which the body had been set up. If, for any reason, the report and audited accounts cannot be laid within the stipulated period of nine months, the concerned Ministry should lay within 30 days of the expiry of the prescribed period or as soon as the House meets, which ever is later, a statement explaining the reasons why the report and accounts could not be laid within the stipulated period. |

| (1) | (2) | (3) |
|---|---|---|
| 13 | 1.41 | With a view to meeting the requirements of the recommendation made in para 1.16 of the First Report (Fifth Lok Sabha), the Committee suggest that a time bound programme should be drawn up for completing action at various stages like preparation of accounts, their submission to the Audit for auditing, completion of audit, furnishing replies to audit queries, furnishing final audit report to the Ministry or DTC, translation and printing etc. of accounts and the audit report, in such a manner that these are laid on the Table of the House within nine months after the close of the accounting year. The Committee also suggest that while preparing the time schedule the Audit authorities may be consulted in the matter. The Committee would like to be apprised of the position in this regard within 3 months. |
| 14 | 1.42 | The Committee not that despite the provisions of sub-sections (2) and (3) of Section 35 of the Road Transport Corporations Act, 1950 which provide as under:<br>"(2) Without prejudice to the provisions of sub-section (1), a Corporation shall, as soon as possible after the end of each financial year, submit to the State Government a report on the exercise and performance by it of its powers and duties under this Act during that year and on its policy and programme.<br>(3) The State Government shall cause the annual report referred to in sub-section (2) to be laid before each House of Parliament."<br>the Annual Administration Reports of the DTC for the years 1973-74, 1974-75 and 1975-76 were laid on the Table of Lok Sabha on 23.11.1977 *i.e.*, 44 months, 32 months and 20 months after the close of relevant accounting year. The Committee are surprised to find that the Statement which was laid along with the above reports, explaining reasons for |

# CORRIGENDA

TO

TWELFTH REPORT OF COMMITTEE ON PAPERS LAID ON THE TABLE

( Presented on 23-4-1979 )

| Page | Para | | Line | For | Read |
|---|---|---|---|---|---|
| 4 | 1.7 | | 6 | for | of |
| 7 | 1.15 & 1.16 | | 2) 5) | Corporation | Corporations |
| 10 | 1.22 | | 5) | | |
| 11 | 1.26 | | 15 | bebtween | between |
| 14 | 1.32 | | 5 | Coropration | Corporation |
| 15 | 1.34 | (i) | 2 | reepatedly | repeatedly |
| | | (ii) | 15 | uptil now AMarch, 1976Q APage 12 of Audit Report). | uptil now (March, 1976) (Page 12 of Audit Report) |
| | | (iii) | 20 | APage 12 of Audit Report) | (Page 12 of Audit Report) |
| 17 | 1.36 | | 11 | (approximatel) | (approximately) |
| 24 | Appendix IV Sl.I, col.3 | | 14 | unerlying | underlying |
| 33 | Appendix IV Sl.No.14, col.3 | | 1 | not | note |